

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 SP-02 CIAE-00 INR-07

NSAE-00 L-03 TRSE-00 ABF-01 OMB-01 XMB-02 OPIC-03

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R 272010Z JUL 76

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 9511

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E.O. 11652: N/A

TAGS: BENC, BEXP, IDB, EFIN, TD, ECRE

SUBJECT: FOREIGN GOVERNMENT TENDERS: CARONI-ARENA WATER
SUPPLY PROJECT

REF: (A) PORT OF SPAIN 1885, (B) USDOC 1843, (C) PORT OF SPAIN
1694

1. SUMMARY. EXECUTIVE DIRECTOR OF WATER & SEWERAGE AUTHORITY (WASA) DISCUSSED WITH EMBOFF QUESTIONS RAISED IN MEETINGS LAST WEEK WITH POTENTIAL BIDDERS ON SUBJECT PROJECT, INCLUDING ADMISSION OF EXPATRIATE PERSONNEL, CONVERTIBILITY OF PAYMENTS, POSSIBLE REQUIREMENTS FOR JOINT VENTURE, AND IDB FINANCING. EMBASSY REQUESTS DEPARTMENT'S ADVICE ON CURRENT IDB AND USG POLICY ON LOANS TO OIL PRODUCERS. END SUMMARY.

2. LAST WEEK, WASA HELD SERIES OF SEMINARS FOR PREQUALIFIED BIDDERS ON CARONI-ARENA WATER SUPPLY PROJECT. WASA EXECUTIVE DIRECTOR GEORGE DAVIS HAS REVIEWED MAJOR POLICY ISSUES WHICH AROSE IN THESE MEETINGS AND RELATED MATTERS WITH ECON OFFICER DURING COURTESY CALL BY LATTER JULY 26. FOLLOWING ARE KEY POINTS WHICH AROSE IN DISCUSSIONS.

3. DAVIS WILL WORK OUT WITH IMMIGRATION AUTHORITIES PROCEDURES AND CONDITIONS FOR WORK PERMITS FOR EXPATRIATE
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STAFF, AND HE HOPES TO GIVE BIDDERS CLARIFICATION THEY

ASKED FOR ON CATEGORIES OF EMPLOYEES WHICH CAN BE ADMITTED.
WHILE THIS MAY NOT SOLVE ALL PROBLEMS OF STAFFING FROM
ABROAD TYPICAL OF FOREIGN OPERATIONS IN TRINIDAD, IT SHOULD
HELP AVOID MISUNDERSTANDING IN COURSE OF EXECUTION OF
CONTRACTS.

4. PREQUALIFIED BIDDERS ASKED FOR SOME GUARANTEE OF PAY-
MENT IN US DOLLARS OR CONVERSION OF PAYMENTS IN TT CURRENCY.
DAVIS BELIEVES APPROPRIATE ASSURANCES CAN BE ARRANGED, AND
HE PLANS TO ISSUE APPROPRIATE AMENDMENT TO CONTRACT
SPECIFICATIONS TO BIDDERS.

5. ECONOFF EXPLORED AT LENGTH QUESTION OF GOVERNMENT REQUIRE-
MENTS ON JOINT VENTURE AND IMPLICATIONS FOR AWARDING OF
BIDS. DAVIS SAID GOVERNMENT INTENDS TO AWARD CONTRACTS
SOLELY ON THE MERITS OF THE BID. DEGREE OF LOCAL PARTICIPA-
TION WOULD COME UNDER CONSIDERATION ONLY IF ECONOMIC FACTORS
ARE EQUAL. HOWEVER, ON CONCRETE PIPE FACTORY (NO. 3 OF 6
CARONI-ARENA CONTRACTS TO BE LET) GOTT NOW HOPES THAT ON
COMPLETION OF CONTRACT, FACTORY CAN BE PHASED INTO COMPANY
GOVERNMENT JOINT VENTURE TO SERVICE OTHER PROJECTS AND
POSSIBLY TO BROADEN INTO OTHER PRODUCTS OF PRESTRESSED
CONCRETE. HE ENVISAGES NEGOTIATIONS TO THIS END DURING
EXECUTION OF CONTRACT. DAVIS EMPHASIZED THAT GOTT WANTS
TO CONTINUE FOREIGN PARTICIPATION IN FACTORY TO PROVIDE
NEEDED TECHNICAL EXPERTISE. THIS APPROACH IS, TO EMBASSY'S
KNOWLEDGE, RELATIVELY NEW, SUGGESTING IDEA MAY HAVE DEVELOPED
IN COURSE OF DISCUSSIONS WITH POTENTIAL CONTRACTORS. IT MAY
REFLECT REALIZATION JOINT VENTURE NOT FEASIBLE OR NOT
ECONOMICAL AT THIS TIME.

6. ASKED ABOUT THE "SHORT LIST" OF BIDDERS REFERRED TO IN
REF (C). DAVIS SAID ONLY LIST EXISTING IS THAT OF PRE-
QUALIFIED BIDDERS, NUMBERING ABOUT 40 COMPANIES (TRANSMITTED
TO DEPARTMENT IN REF (A) AND (B). HE POINTED OKL WAS
O7LD HARDLY NARROW LIST DOWN BEFORE BIDS ACTUALLY RECEIVED.

P. DAVIS SAID GOTT HAS NOT YET DECIDED WHETHER TO PROCEED
ON \$60 MILLION V
LOAN TENTATIVELY PROPOSED FOR PUOLAVI
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RNVJHOMPHCW TIUXOLD?29(
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SLPUCPON ON TECHNICAL GROUPS IF THEY DECIDE TO GO

AHEAD. EMBASSY SUGGESTS THAT, IF ASKED, COMMERCE ASSURE BIDDERS THAT PROJECT IS EXPECTED TO GO THROUGH EVEN IF IDB FINANCING IS NOT ARRANGED, AS GOTT IS ABLE AND WILLING TO FINANCE PROJECT ON ITS OWN IF THIS IS INDICATED.

8. DAVIS SAID HE BELIEVED ALL PREQUALIFIED BIDDERS ATTENDED SEMINARS, ALTHOUGH ONLY TWO OF US FIRMS CALLED AT EMBASSY. QUESTIONS OF LATTER REFLECTED CLOSELY THOSE REPORTED BY DAVIS AS ISSUES IN WASA SEMINARS.

9. ACTION REQUESTED: EMBASSY WOULD APPRECIATE BEING INFORMED OF CURRENT IDB AND USG POLICY WITH REGARD TO FINANCING OF PROJECTS OF THIS KIND REQUESTED BY OIL PRODUCING COUNTRIES IN B/P SURPLUS, ESPECIALLY, PROBABLE REACTION TO THIS PROJECT IF APPLICATION GOES FORWARD.

10. NOTE: WE NOTE SOME CABLES ON THIS SUBJECT HAVE BEEN DISPATCHED UNDER SUBJECT "FOREIGN GOVERNMENT TENDERS: CARONI-ARENA WATER SUPPLY PROJECT", WHILE OTHERS HAVE CARRIED SUBJECT "MAJOR PROJECTS: CONCRETE PIPE PLANT". AS LATTER IS INTEGRAL PART OF LARGER PROJECT, WE SUGGEST COMMERCE INTEGRATE THESE TWO FILES IF IT HAS NOT ALREADY DONE SO. ALL FURTHER POS CABLES ON THIS PROJECT WILL CARRY SUBJECT HEADING USED THIS MESSAGE.
FAY

NOTE BY OC/T; PORT OF SPAIN 1941 RECEIVED GARBLED. CORRECTIONS TO FOLLOW.

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Message Attributes

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Margaret P. Grafeld
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